

The state of the Company's performance in the area of good faith management and the adoption of related measures

Delta believes that it can attain sustainable development only through "ethical management". Therefore, in order to implement the principle of "ethical management" and establish a corporate culture of integrity, the Company has established its "Ethical Corporate Management Best Practice Principles", "Code of Conduct" etc., and expects its members (including directors, managers, employees, etc.) to refrain from resorting to bribery or accepting bribes and avoid conflicts of interest as well as unethical relationships with third parties. Trading violations of the Fair Trade Act and any disclosure of internal information without the consent of the Company are prohibited.

Key measures undertaken by the Company are as follows:

1. Delta prohibits offering and acceptance of bribes, as well as providing illegal political donations or other unreasonable presents or hospitality.
2. Delta members should comply with relevant laws, regulations and internal rules of the Company and prevent unethical conducts
3. When Delta members encounter a conflict of interest, they should immediately take evasive measures.
4. Delta members shall conform to accounting principles to ensure proper and correct publication of information.
5. Delta members shall comply with the provisions of the Fair Trade Act and avoid unfair competition.
6. Regularly organize education/training and publicity campaigns

Based on the factors mentioned above, Delta requires all its members including managers and all employees to maintain a corporate culture of integrity while ensuring its sustainable operations.

Delta's implementation of integrity management:

Assessment Items	Implementation Status			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
1. Establishment of integrity policies and solutions				
(1) Does the Company state ethical corporate management policies and practices in its internal rules and external documents, as well as the commitment of the Board of Directors and management to actively implement these policies?	√		(1) In order to improve its sound development, Delta has established an "Ethical Corporate Management Best Practice Principles" which combines the business philosophy of honesty, transparency and responsibility based on integrity. Through this principle, the Company wants to set up a good operation mode, create a corporate culture through integrity management and require its members including the Board of Directors and senior management to reliably implement policies. The principle is detailed in the Corporate Governance section under Investor Services on the Company's website.	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(2) Has the Company established plans for preventing dishonest behavior? Has it clearly stated relevant operational procedures, behavioral guidelines, disciplinary and grievance systems with in each plan? Has it implemented and executed these plans?	√		(2) In order to prevent any form of unethical conducts, the Company has established its "Code of Conduct" to set the standard operating procedures and behavioral guidelines for all stakeholders of the Company, as a commitment to implementing its integrity management policy. The code can be found in the Human Resources section of the Company's website or the Corporate Governance section under Investor Services.	
(3) Has the Company established measures to prevent the behaviors listed in Article 7 Item 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" or other business activities with higher risk of dishonest behavior?	√		(3) In Article 8 of Delta's "Corporate Social Responsibility Best Practice Principles" the Company has specified anti-bribery and anti-corruption practices and the avoidance of engaging in unfair competition. The Company further prohibits offering or acceptance of bribes, making illegal political donations, providing or receiving any inappropriate interests, infringement of intellectual property rights, unethical relationship with a third party, violation of the Fair Trade Act and disclosure of any vital internal information without the consent of the Company. Also, charitable donations and sponsorships should follow the "Charitable Donations and Sponsorship Management Regulations of Delta Electronics, Inc." The Company should hold publicity campaigns regularly to enhance the implementation of integrity management policies.	

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<p>2. Implementation of Integrity Management</p> <p>(1) Does the Company evaluate the integrity record of trading partners as well as explicitly include honest business practices clauses in contracts?</p>	√		<p>(1) According to the "Delta Electronics' Code of Conduct":</p> <p>i Before establishing business relationships with others, the Company shall evaluate the legitimacy, integrity, and operational policy of the agents, suppliers, customers or any other business dealing entities, and whether there are any records of dishonesty, to ensure such entities' business operation is with integrity, transparent, and will not demand, offer or receive bribes. In making the above evaluation, the Company may conduct appropriate audit procedures to evaluate its business dealing entities on the following subjects to understand its integrity and operation:</p> <p>(i) Such entity's nationality, place of operation, structure, operational policy and place of payments.</p> <p>(ii) Whether or not such entity has established any policy on business integrity, and, if so, its implementation.</p> <p>(iii) Whether its place of operation is in the countries with high risk of corruption.</p> <p>(iv) Whether its business operated is the business with high risk of bribes.</p> <p>(v) Such entity's long term business operation and its goodwill.</p> <p>(vi) Peer opinions from its trading partners.</p> <p>(vii) Whether such entity has any record on bribes, illegal political donations or any other dishonest behaviors.</p> <p>ii Delta members, during the course of conducting business dealing, shall explain to the dealing entities the Company's policy on business integrity and other relevant rules and shall explicitly reject any offering, promise, demands or receipt, directly or indirectly, in whatever form or name, of illegitimate interests, including kickbacks, commission, facilitation payments, nor offer or receive any illegitimate interests through any other means.</p> <p>iii The Company employees shall refrain from conducting any business transactions with any dishonest agents, suppliers, customers or other business dealing entities. Once any dealing entity is found with dishonest behaviors, the Company employees shall immediately stop any business interactions with such an entity and categorize it as dishonored account in order to implement the Company's policy on business integrity.</p> <p>iv To conclude contracts, the Company shall fully understand the counter party's policy on business integrity and make the compliance of business integrity as part of the contractual terms, which shall at least explicitly address the followings:</p> <p>(i) Each party shall immediately notify the other party, in the event of being aware of any of its member breaching any contractual terms which prohibit kickbacks, commission or any other interests, and shall disclose the identity of such member, the method of providing, promising, demanding or receiving of money or other interests and the amount thereof, and shall provide relevant evidence to the other party and cooperate in the investigation of the other party. Such party shall be entitled to indemnification in the event of any damage or loss.</p> <p>(ii) Each party may terminate or cancel the contract without cause immediately if the other party engages in any dishonest behaviors in the performance of business activities.</p> <p>(iii) Definite and reasonable payment terms shall be provided, including place of payment, the method thereof, and the compliance of relevant tax laws and regulations.</p> <p>Considering the legality and integrity record of business partners, when the Company signs a contract with others, the content should include compliance with the integrity management policy, and if the counterparty commits any dishonest act, the Company may terminate the terms of the contract at any time and take all legal responsibilities, e.g., commitment to integrity before trading with vendors.</p>	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

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(2) Has the Company established a dedicated or non-dedicated department under the Board of Directors to ensure ethical management practices? Does this department periodically report their status of implementation to the Board of Directors?	√		(2) The Company's ethical management policy is handled by the Human Resources Department and reported to the Board of Directors on an annual basis. The implementation of the Company's 2018 ethical management was reported to the Board of Directors on March 11, 2019.	
(3) Has the Company established policies to prevent conflicts of interest, implemented such policies and provided adequate channels of communication?	√		(3) To prevent conflicts of interest, the Company has established its "Code of Conduct" with provisions to address conflicts of interest of directors in Article 15 of the "Rules and Procedures of the Meeting of Board of Directors" and Article 31 of the "Corporate Governance Best Practice Principles" As to the relationship between the company and its affiliates in terms of corporate governance, the improper channeling of profits between the stakeholders of the Company and shareholders is strictly prohibited based on the principle of fairness and reasonableness. The rules are clearly stated in the "Corporate Governance Best Practice Principles" In terms of related party transactions and insider trading, the Company has also established internal control operation systems respectively and provided appropriate channels for directors and managers to proactively explain any potential conflicts of interest with the Company.	
(4) Has the Company established effective accounting systems and internal control systems in order to ensure ethical management practices and does it have its internal auditing department periodically perform audits or have its CPA conduct audits?	√		(4) The financial statements of the Company are prepared in accordance with the financial issuer's financial reporting standards and the International Financial Reporting Standards, International Accounting Standards, and interpretations approved by the Financial Supervisory Commission. The design and execution of internal control is based on the "Processing Guidelines for the Establishment of an Internal Control System for Listed Companies" with self-monitoring mechanism. Aside from a routine check, the internal auditing department receives a report and proves its veracity before reporting it to the Audit Committee and the Board of Directors. The internal auditing department also inspects and ensures the effectiveness of system design and continuity at any time.	
(5) Does the Company periodically organize internal and external educational training on ethical management practices?	√		(5) The Company presents the E-learning material on the "Code of Conduct" to newcomers during their induction and organizes internal and external courses on ethical management for senior executives from time to time to establish and cultivate the concept of ethical management among the staff. The quarterly performance appraisal of Delta values the ability and also includes the aspect of integrity in the assessment. In 2018, the number of participants and total hours of induction training courses, internal control and audit-related courses and Code of Conduct for Delta Electronics & Code of Conduct for the Electronic Industry courses were 2,020 and 3,676.18(hours), respectively.	
3. Status of the Company's reporting mechanism (1) Has the Company established concrete reporting and rewards systems, set up convenient reporting channels and appointed any appropriate, dedicated staffer to deal with the person who has been reported?	√		(1) The Company has established its "Code of Conduct" which stipulates that all Delta members have the obligation to report the matter to Head of the unit the member belongs to, Head of audit department, head of human resources department or head of legal and intellectual property department or Local external opinion box when they find that another Delta member could be involved in activities that violate the law or the Code. In addition, the "Workplace rules of Delta Electronics Inc." states that if an employee or job applicant is subjected to sexual harassment in the workplace, he or she may inform the unit managers and human resources department in respective factories by phone, fax or email (i.e., grievance email address). If the cases cannot be processed, the employee may report the incident to the proper authorities. Vendors may also report any illegal act committed by a Company member using the reporting & grievance email address indicated on the Integrity Commitment. Grievance Email Address exclusively for Employees HR.GRIEVANCE@deltaww.com Grievance Email Address exclusively for Vendors 885@deltaww.com Email Address for External Personnel mkt-serv@deltaww.com To implement the ethical management policy, the company has combined the performance appraisal of employees with the human resources policy to implement the reward and punishment system.	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

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(2) Has the Company established standard operating procedures for investigation as well as a related classified information mechanism for handling such reports?	√		(2) In any incident in which a violation of the Code of Conduct may be reported or found during a routine check, the internal auditor should collect evidence and conduct in-depth investigation to find out whether there is a violation or illegal act committed. The relevant department carries out the punishment according to regulations after an internal report has been made and forwarded to the Audit Committee and the Board of Directors for decision based on the materiality of the case.	
(3) Has the Company adopted any measure to protect the informers lest they be inappropriately treated?	√		(3) The Company has established its "Code of Conduct" which states that Delta members may elect to stay anonymous when reporting the act of violation of another member. However the Company encourages Delta members to indicate their identity when making a report to facilitate communication and investigation. When a Delta member makes a non-anonymous report, the receiving unit should take reasonable preventive and protective measures to ensure the quality of investigation and protect said member from retaliation or unfair treatment.	
4. Enhancing Information Disclosure (1) Has the Company disclosed the content of its Ethical Corporate Management Best Practice Principles as well as related implementation results on its website and the MOPS?	√		The Company's "Ethical Corporate Management Best Practice Principles", "Code of Conduct" and "Corporate Social Responsibility Best Practice Principles" are disclosed on the company's internal and external websites in the Corporate Governance section under Investor Services. In addition, relevant and reliable information on ethical management is also disclosed in the annual report and corporate social responsibility report.	Compliance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies